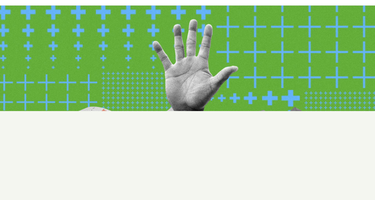


How America's top hospitals hound patients with predatory billing

A new analysis reveals that many of the top hospitals in America pursue patients with lawsuits and other predatory billing practices

By Michelle McGhee and Will Chase
In partnership with Johns Hopkins University

In February 2018, Stephen Swett went to the emergency room at Westchester Medical Center in New York seeking help for withdrawal from Suboxone, which treats opioid addiction. Swett — a 44-year-old truck driver — says he sat on a gurney until he was discharged. Then in June of last year, the hospital filed a court summons, the beginning of its attempt to collect the $2,539.43 it said Swett owed for his trip.

- *"I went there, and it was my responsibility for going there. But at the same time, you don't even take my temperature, you don't do anything, you just basically let me sit, and then you stick me with a bill and take me to court,"* Swett said. *"That's what I didn't feel was right."*

The big picture: Rising deductibles and out-of-pocket costs are increasingly leaving patients responsible for bloated medical bills. A new analysis by Johns Hopkins University reveals that many of the top 100 hospitals by revenue in the U.S. use predatory tactics to pursue patients with unpaid bills.

Skip to data summary

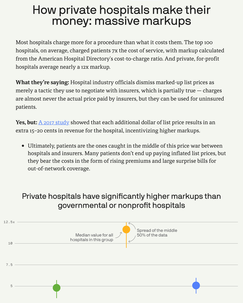
Debt collection at any cost

Medical debt comprises 58% of all debt collections in the U.S. and has caused hundreds of thousands of Americans to file for bankruptcy. Some of the top 100 hospitals are huge contributors to the problem: Between January 2018 and July 2020, they filed tens of thousands of lawsuits and other court actions against patients. A handful of hospitals cut lawsuits in 2020, due to policy changes, but it's unclear if these will last. According to JHU's data, these patient lawsuits are most prevalent among governmental and nonprofit hospitals.

Why it matters: Nonprofit hospitals enjoy tax exemptions in exchange for charitable measures, but our analysis shows that most of these hospitals have failing grades on the Lown Institute Charity Care Rating, meaning they're not meeting their obligations.

- Furthermore, the Affordable Care Act requires nonprofit hospitals to have a financial assistance policy, and prevents hospitals from engaging in "extraordinary debt collection" unless they've made reasonable efforts to figure out whether a patient is covered by that policy.
- When nonprofits sue patients who can't afford to pay, "if it's not a violation of the letter of the Affordable Care Act law, it's certainly a violation of the spirit of it," said Marty Makary, a lead author of the project.

Just 10 hospitals are responsible for 97% of court actions against patients



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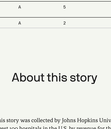

How private hospitals make their money: massive markups

Most hospitals charge more for a procedure than what it costs them. The top 100 hospitals, on average, charged patients 7x the cost of service, with markup calculated from the American Hospital Directory's cost-to-charge ratio. And private, for-profit hospitals average nearly a 12x markup.

What they're saying: Hospital industry officials dismiss marked-up list prices as merely a tactic they use to negotiate with insurers, which is partially true — charges are almost never the actual price paid by insurers, but they can be used for uninsured patients.

Yes, but: A 2017 study showed that each additional dollar of list price results in an extra 15-20 cents in revenue for the hospital, incentivizing higher markups.

- Ultimately, patients are the ones caught in the middle of this price war between hospitals and insurers. Many patients don't end up paying inflated list prices, but they bear the costs in the form of rising premiums and large surprise bills for out-of-network coverage.

Private hospitals have significantly higher markups than governmental or nonprofit hospitals

Explore data on the top 100 hospitals

Billing quality score | Predatory billing grade | Hospital safety grade | Charity care rating | Average bill markup

How to read it

Voluntary Nonprofit · Proprietary · Governmental

Billing quality score

Lower quality — Higher quality

An overall billing quality score that incorporates the hospital's Predatory Billing Grade, average markup, and Lown Institute Charity Care Rating

40 45 50 55 60 65 70 75 80 85 90 95

State, city, hospital

For example: California, Philadelphia, UNC Medical Center

Hospital name	Billing quality score	Predatory billing grade	Hospital safety grade	Charity care rating	Total court actions	Total amount sought from patients	Average bill markup
NYU Langone Tisch Hospital New York, NY	54	A	A	1	8	$578k	5.5x
Stanford Hospital Stanford, CA	54	A	A	2	0	$0.0	6.7x
New York Presbyterian New York, NY	73.3	A	C	2	796	$0.0	4x
Cedars-Sinai Medical Center Los Angeles, CA	51.7	A	C	2	0	$0.0	8.2x
AdventHealth Orlando Orlando, FL	73.7	A	A	5	0	$0.0	6.9x
The Cleveland Clinic Cleveland, OH	78.3	A	A	2	15	$0.0	4.2x

About this story

Methods

The data used for this story was collected by Johns Hopkins University. Data was collected on the largest 100 hospitals in the U.S. by revenue for the time period of Jan. 1, 2018 to July 31, 2020. Data on lawsuits and other court actions against patients was gathered from state and county court records. The average bill markup was found by taking the ratio of a hospital's total costs to charges as listed in the American Hospital Directory.

Additional scoring metrics supplied by the Spring 2020 Leapfrog Hospital Safety Grade ⓒ and the Lown Institute Hospitals Index.

Credits

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